

AMENDED IN ASSEMBLY MARCH 20, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 1405

Introduced by Assembly Member Mullin

February 17, 2017

An act to add Chapter 8.5 (commencing with Section 2847) to Part 2 of Division 1 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 1405, as amended, Mullin. Electricity: Clean Peak Energy Standard.

The California Renewables Portfolio Standard Program requires the Public Utilities Commission to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, so that the total kilowatthours of those products sold to their retail end-use customers achieves 25% of retail sales by December 31, 2016, 33% by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. The program additionally requires each local publicly owned electric utility, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the procurement requirements established by the program.

Existing law requires the commission to open a proceeding to determine appropriate targets, if any, for each load-serving entity to procure viable and cost-effective energy storage systems to be achieved by December 31, 2020. Existing law requires the commission to reevaluate the determination not less than once every 3 years. Existing law requires the governing board of a local publicly owned electric

utility to initiate a process to determine appropriate targets, if any, for the utility to procure viable and cost-effective energy storage systems to be achieved by December 31, 2020.

~~This bill would require the commission to ensure that an unspecified percentage of the energy delivered to ratepayers determine, by December 31, 2018, the actual percentage of kilowatthours delivered by each load-serving entity during a specified 4-hour period of heavy electricity demand, known in the bill as the peakload time period by load-serving entities period, that is derived from eligible renewable resources or energy storage systems. systems, collectively referenced in the bill as clean peak resources. The bill would require the commission to ensure that each load-serving entity procure a minimum percentage of kilowatthours delivered during the peakload time period from clean peak resources on at least 15 days during each month in accordance with a specified schedule. Because a violation of an order or direction of the commission would be a crime, this bill would impose a state-mandated local program. The bill would require local publicly owned electric utilities to ensure that an unspecified percentage of energy determine, by December 31, 2018, the actual percentage of kilowatthours delivered to ratepayers during the peakload time period is derived from eligible renewable resources or energy storage systems. from clean peak resources. The bill would require each local publicly owned electric utility to procure a minimum percentage of kilowatthours delivered during the peakload time period from clean peak resources on at least 15 days during each month in accordance to a specified schedule. Because the bill would impose additional duties on a local agency, this bill would impose a state-mandated local program.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 8.5 (commencing with Section 2847) is
- 2 added to Part 2 of Division 1 of the Public Utilities Code, to read:

CHAPTER 8.5. CLEAN PEAK ENERGY STANDARD

2847. For purposes of this chapter, the following definitions apply:

(a) *“Clean peak resources” means eligible renewable energy resources or energy storage systems.*

(a)

(b) *“Eligible renewable energy resource” has the same meaning as set forth in Section 399.12.*

(b)

(c) *“Energy storage systems” has the same meaning as set forth in Section 2835.*

(c)

(d) *“Load-serving entity” has the same meaning as set forth in Section 380.*

(d) ~~“Median peak demand time”~~

~~(e) “Peak demand hour” means the time that is calculated by determining the four months out of the year that have historically exhibited the highest peak demand, determining the time with the highest demand during each of those months over the previous five-year period, and determining the median from those 20 discrete times: one hour of each day that exhibits the highest peak demand.~~

(e)

~~(f) “Peakload time period” means a four-hour time period comprising the two hours one hour prior to and two hours following the median peak demand time: hour.~~

2847.1. ~~(a) The commission shall ensure that _____ percent of the energy delivered to ratepayers during the peakload time period by each load-serving entity is derived from eligible renewable energy resources or energy storage systems that provide ratepayer benefits to the grid.~~

~~(b) Each local publicly owned electric utility shall ensure that _____ percent of the energy delivered to ratepayers during the peakload time period is derived from eligible renewable energy resources or energy storage systems that provide ratepayer benefits to the grid.~~

2847.1. (a) (1) *The commission shall, by December 31, 2018, determine the actual percentage of kilowatthours delivered by each load-serving entity during the peakload time period to end-use customers in the state that is derived from clean peak resources.*

1 (2) *The commission shall ensure that each load-serving entity,*
2 *in addition to the percentage determined pursuant to paragraph*
3 *(1), procures a minimum percentage of kilowatthours delivered*
4 *during the peakload time period from clean peak resources on at*
5 *least 15 days every month in accordance with the following*
6 *schedule:*

7 (A) *An additional 5 percent of electricity delivered during the*
8 *peakload time period on the required number of days each month*
9 *in the year 2020 shall be supplied by clean peak resources.*

10 (B) *An additional 6 percent of electricity delivered during the*
11 *peakload time period on the required number of days each month*
12 *shall be supplied by clean peak resources every third year*
13 *thereafter until December 31, 2029, or until 40 percent of demand*
14 *during the peakload time period is supplied by clean peak*
15 *resources, whichever occurs earlier.*

16 (3) *Contributions toward the standard set pursuant to paragraph*
17 *(2) from an energy storage system shall be prorated based on the*
18 *share of renewable energy resources used to charge the energy*
19 *storage system.*

20 (4) *Clean peak resources shall use Independent System*
21 *Operator-approved performance measurement solutions.*

22 (5) *The commission shall ensure the clean peak resources*
23 *provide benefits to the grid.*

24 (6) *The commission shall determine an appropriate mechanism*
25 *for determining compliance with the clean peak standard, which*
26 *may include the use of tradeable credits.*

27 (7) *The commission shall consider clean flexible capacity*
28 *procurement targets to encourage deployment of clean peak*
29 *resources to provide additional ancillary and ramping services.*

30 (b) (1) *Each local publicly owned electric utility shall, by*
31 *December 31, 2018, determine the actual percentage of*
32 *kilowatthours delivered during the peakload time period to its*
33 *end-use customers that is derived from clean peak resources.*

34 (2) *Each local publicly owned electric utility, in addition to the*
35 *percentage determined pursuant to paragraph (1), shall procure*
36 *a minimum percentage of kilowatthours delivered during the*
37 *peakload time period from clean peak resources on at least 15*
38 *days every month in accordance with the following schedule:*

1 (A) *An additional 5 percent of electricity delivered during the*
2 *peakload time period on the required number of days each month*
3 *in the year 2020 shall be supplied by clean peak resources.*

4 (B) *An additional 6 percent of electricity delivered during the*
5 *peakload time period on the required number of days each month*
6 *shall be supplied by clean peak resources every third year*
7 *thereafter until December 31, 2029, or until 40 percent of demand*
8 *during the peakload time period is supplied by clean peak*
9 *resources, whichever occurs earlier.*

10 (3) *Each local publicly owned electric utility shall ensure the*
11 *clean peak resources provide benefits to the grid.*

12 SEC. 2. No reimbursement is required by this act pursuant to
13 Section 6 of Article XIII B of the California Constitution because
14 a local agency or school district has the authority to levy service
15 charges, fees, or assessments sufficient to pay for the program or
16 level of service mandated by this act or because costs that may be
17 incurred by a local agency or school district will be incurred
18 because this act creates a new crime or infraction, eliminates a
19 crime or infraction, or changes the penalty for a crime or infraction,
20 within the meaning of Section 17556 of the Government Code, or
21 changes the definition of a crime within the meaning of Section 6
22 of Article XIII B of the California Constitution.